



Nebraska Sales and Use Tax
GENERAL INFORMATION
Spring 2010

This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.

It is not intended to be a stand-alone document.

It is not an information guide, nor does it carry regulatory or statutory authority.

Nebraska tax statutes, regulations, information guides, and other resources are available at www.revenue.ne.gov .

SALES TAX is:



- a transactional tax
- based on the transaction
- rather than the item sold

A **SALE** is:



- the transfer of title or possession
- of an item or taxable service
- for consideration

A **SALE** includes transfer of these digital goods:

- music
- movies, music videos, TV shows
- books
- downloading songs & ringtones

A **LEASE OR RENTAL**

- is a **SALE**
- because there is a transfer of **POSSESSION**

TAXABLE SERVICES

- Computer software training
- Pest control services
- Building cleaning
- Security services
- Detective services
- Motor vehicle towing, washing/waxing, painting
- Installing/applying tangible personal property
- Animal specialty services
- Recreational vehicle (RV) park services
- Repair labor & maintenance services

(with 4 exceptions)

ALL SERVICE PROVIDERS...

...are the **CONSUMERS** of all items
used to provide the service...

...**MUST PAY TAX** on those items
(even if the charge for the service is also taxable)

Example 1: The carwash does not sell soap and
wax, but a “car wash.”

Example 2: A window cleaner is not selling
window cleaner, but “clean windows.”

COLLECTING SALES TAX

- Collected by the SELLER as an agent for the State
- TRUST FUND belongs to the State of Nebraska
- Must have a SALES TAX PERMIT
- COLLECTION FEE

Collecting Sales Tax (continued)

- Sales tax is calculated on the gross receipts
- The delivery location determines the rate of local tax
- **ALL** transactions are presumed taxable

Collecting Sales Tax (continued)

Sellers must collect the tax
– OR –
document why they did not

DOCUMENTING EXEMPT SALES

- [Form 13](#)
- Sellers keep completed copies of Form 13
- “Blanket” form is valid until revoked in writing by the purchaser

FORM 13, SECTION A – RESALE CERTIFICATE

- Purchases for resale
- Items becoming a component part of the product to be resold



Nebraska Resale or Exempt Sale Certificate

for Sales Tax Exemption

• Read instructions on reverse side/see note below

FORM
13

NAME AND MAILING ADDRESS OF PURCHASER

NAME AND MAILING ADDRESS OF SELLER

Name

Street or Other Mailing Address

City State Zip Code

Name

Street or Other Mailing Address

City State Zip Code

Check Type of Certificate

☐ Single Purchase ☐ Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:

Check One ☐ Purchase for Resale (Complete Section A) ☐ Exempt Purchase (Complete Section B) ☐ Contractor (Complete Section C)

SECTION A — Nebraska Resale Certificate

I hereby certify that the purchase, lease, or rental of from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the form or condition in which purchased, or as an ingredient or component part of other property to be resold.

I further certify that we are engaged in business as a: ☐ Wholesaler ☐ Retailer ☐ Manufacturer ☐ Lessor
of

and hold Nebraska Sales Tax Permit Number If None, State Reason

or Foreign State Sales Tax Number State

FORM 13, SECTION B – EXEMPT SALE CERTIFICATE

- To certain governmental units
- To certain exempt organizations
- Parts for vehicles used in a common or contract carrier capacity
- Qualified manufacturing machinery and equipment (MME)
- Occasional sales



Nebraska Resale or Exempt Sale Certificate

for Sales Tax Exemption

FORM
13

• Read instructions on reverse side/see note below

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

Check Type of Certificate

☐ Single Purchase ☐ Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:

Check One ☐ Purchase for Resale (Complete Section A) ☐ Exempt Purchase (Complete Section B) ☐ Contractor (Complete Section C)

SECTION B — Nebraska Exempt Sale Certificate

The basis for this exemption is exemption category (Insert appropriate category as described on reverse of this form.)

If exemption category 2 or 5 is claimed, enter the following information:

Description of Item(s) Purchased

Intended Use of Item(s) Purchased

If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05 -

If exemption category 6 is claimed, seller must enter the following information and sign this form below:

Description of Item(s) Sold

Date of Seller's Original Purchase

Was Tax Paid when Purchased by Seller?

☐ YES ☐ NO

Was Item Depreciable?

☐ YES ☐ NO

FORM 13, SECTION C – FOR CONTRACTORS ONLY

See you this afternoon!



EXCEPTIONS TO FORM 13

- Prescription drugs
- Grocery-type food items
- Gasoline

ONLINE AUCTIONS

- NO more than 3 days per year
- Seller CANNOT be regularly engaged in selling similar items
- Household goods and personal effects sold **MUST** have originally been purchased by seller for personal use

Example: A sofa, but not a licensable motor vehicle.


REPORTING SALES TAX

- File a Form 10
- Electronic or paper options
- A return must be filed even if there are no sales to report

Form 10

The Nebraska Form 10 and Instructions are currently being revised.

Please watch for the new forms on our Web site.

		Nebraska and Local Sales and Use Tax Return • If applicable, complete Schedule I on reverse side • Complete and return Schedule III		FORM 10
		PLEASE DO NOT WRITE IN THIS SPACE		
Tax Cat.	Nebr. I.D. Number	Rpt. Code	Tax Period	
NAME AND LOCATION ADDRESS		Due Date:	NAME AND MAILING ADDRESS	

• Name, address, or ownership changes? See instructions.

☐ Check the box if your business has permanently closed, has been sold to someone else, or your permit is no longer needed. New owners must apply for their own sales tax permit.

1 Gross sales and services (as reported on Nebraska Schedule III)	1	\$	00
2 Net taxable sales (as reported on Nebraska Schedule III)	2		00
3 Nebraska sales tax (line 2 multiplied by .055)	3		
4 Nebraska consumer's use tax (as reported on Nebraska Schedule III)	4		
Complete Nebraska Schedule I (on back) prior to completing lines 5 & 6			
5 Local consumer's use tax from line 1, Nebraska Schedule I (on back)	5		
6 Local sales tax from line 2, Nebraska Schedule I (on back)	6		
7 Total Nebraska and local sales tax (line 3 plus line 6)	7		
8 Sales tax collection fee (line 7 multiplied by .025; if the result is \$75.00 or more, enter \$75.00)	8		
9 Sales tax due (line 7 minus line 8)	9		
10 Total Nebraska and local consumer's use tax (line 4 plus line 5)	10		
11 Total Nebraska and local sales and use tax due (line 9 plus line 10)	11		
12 Previous balance with applicable interest at 5% per year and payments received through	12		

☐ Check this box if your payment is being made by Electronic Funds Transfer (EFT).

13 BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13	\$	
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Under penalties of law, I declare that as taxpayer or preparer I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is correct and complete.

<p>sign here ➤ Authorized Signature _____</p> <p>_____ Daytime Phone _____</p> <p>_____ Title _____ Date _____</p>	<p>_____) Signature of Preparer Other Than Taxpayer _____</p> <p>_____) Daytime Phone _____</p> <p>_____ Address _____ Date _____</p> <p>_____ E-Mail Address _____</p>
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NEBRASKA SCHEDULE III — Computation of Net Taxable Sales and Nebraska Consumer's Use Tax

FORM
10

RESET FORM

- Complete Schedule III first
- Print your name, I.D. number, and tax period on this schedule
- Return this schedule with Form 10

Name as Shown on Form 10

Nebraska I.D. Number

Tax Period

COMPUTATION OF NET TAXABLE SALES

1	Gross sales and services (enter on line 1 of Form 10)	1		
2	Nontaxable services	2		
3	Sales to licensed purchasers for resale	3		
4	Deliveries or shipments to purchasers outside Nebraska	4		
5	Sales to qualified exempt organizations	5		
6	Sales to qualified exempt common or contract carriers	6		
7	Sales to qualified governmental agencies	7		
8	Sales of qualified prescription items sold for human use	8		
9	Sales of exempt agricultural feed, seed, chemicals, and fertilizer	9		
10	Sales of motor vehicles, motorboats, and trailers	10		
11	Sales of exempt food or food ingredients	11		
12	Sales of exempt agricultural machinery & equipment	12		
13	Other allowable deductions (explain)	13		
14	Total allowable deductions (total of lines 2 through 13)	14		
15	Net taxable sales (line 1 minus line 14). Round to nearest dollar and enter on line 2 of Form 10	15		

COMPUTATION OF NEBRASKA CONSUMER'S USE TAX

16	Cost of items and applicable services purchased for use on which Nebraska sales and use tax has not been paid	16		
17	Cost of items withdrawn from inventory for personal or business use	17		
18	Total amount subject to Nebraska consumer's use tax (line 16 plus line 17)	18		
19	Nebraska consumer's use tax (line 18 multiplied by the rate identified on line 3 of Form 10)	19		
20	Credit for tax paid to other states on items in line 18 (see instructions)	20		
21	Nebraska consumer's use tax due (line 19 minus line 20). Enter on line 4 of Form 10	21		

[illegible]

USE TAX

- Due **ONLY** when Nebraska sales tax has not been paid on a taxable item or service purchased for use in NE
- **Not a duplication** of sales tax
- The difference is **who** remits the tax:
 - Sales tax is remitted by the seller
 - Use tax is remitted by the purchaser/consumer

Use Tax (continued)

- Use tax and sales tax have these things in common:
 - Calculated at the same rate
 - Imposed on the same transactions
 - Have the same exemptions

Use Tax (continued)

- Often due when purchases are made from an **out-of-state seller**
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Due when the seller withdraws **tax-free inventory** for business or personal use
 - Auto mechanic
 - Hair salon

Use Tax (continued)

- If you have no use tax liability during a reporting period, you **MUST enter a ZERO** in Lines 4, 5, and 10 of [Form 10](#) when filing the paper return
- **Online Form 10
DEFAULTS TO ZERO!**

REPORTING USE TAX

- Use tax is reported on one of three returns

THIS RETURN IS DUE ON OR BEFORE THE 25TH DAY OF THE MONTH FOLLOWING THE TAX PERIOD INDICATED ABOVE.

Reporting Use Tax (continued)

Individuals use Form 3

The Nebraska
Form 3 and Instructions
are currently being revised.

Please watch for the new
forms on our Web site.

Nebraska Department of REVENUE		Nebraska and Local Individual Consumer's Use Tax Return • Read instructions on reverse side		FORM 3	
F32=1		PLEASE DO NOT WRITE IN THIS SPACE			
Please Type or Print	First Name(s) and Initial(s)		Last Name		
	Home Address (Number and Street or Rural Route)		Tax Period Covered by this Return Beginning , 20 and Ending , 20		
	City, Town, or Post Office	State	Zip Code	Social Security Number	Nebraska Identification Number
1 Cost of taxable purchases on which Nebraska sales or use tax has not been paid.....		1			00
2 Cost of items withdrawn from inventory for personal use		2			00
3 Total amount subject to Nebraska consumer's use tax (line 1 plus line 2)		3			
4 Nebraska consumer's use tax (line 3 multiplied by .055).....		4			
5 Credit for tax paid to other states or cities on items included on line 3 (see instructions)		5			
6 Net Nebraska consumer's use tax (line 4 minus line 5).....		6			
• Complete the following schedule only if local consumer's use tax is being reported—see instructions					
Local Individual Consumer's Use Tax Schedule					
DEPARTMENT USE ONLY		Local Taxing Jurisdiction	Column A Amount of Line 3 Subject To Local Consumer's Use Tax		Column B Local Consumer's Use Tax (Column A x Rate)
Line Number	Local Code				
7 Total local consumer's use tax (add amounts in Column B)		7			
8 Total Nebraska and local consumer's use tax due (line 6 plus line 7). Pay in full with return		8			
I declare under penalties of law that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.					
sign here ▶		Authorized Signature		Signature of Preparer Other than Taxpayer	
Telephone Number		Date		Address	
Date		Date		Telephone Number	
THIS RETURN IS DUE ON OR BEFORE THE 25 TH DAY OF THE MONTH FOLLOWING THE TAX PERIOD INDICATED ABOVE.					
Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98923, LINCOLN, NE 68509-8923					

Reporting Use Tax (continued)

- Businesses that hold a Nebraska Sales Tax Permit use **Form 10**



NEBRASKA SCHEDULE III — Computation of Net Taxable Sales and Nebraska Consumer's Use Tax

FORM
10

RESET FORM

- Complete Schedule III first
- Print your name, I.D. number, and tax period on this schedule
- Return this schedule with Form 10

Name as Shown on Form 10

Nebraska I.D. Number

Tax Period

COMPUTATION OF NET TAXABLE SALES

1	Gross sales and services (enter on line 1 of Form 10)	1		
2	Nontaxable services	2		
3	Sales to licensed purchasers for resale	3		
4	Deliveries or shipments to purchasers outside Nebraska	4		
5	Sales to qualified exempt organizations	5		
6	Sales to qualified exempt common or contract carriers	6		
7	Sales to qualified governmental agencies	7		
8	Sales of qualified prescription items sold for human use	8		
9	Sales of exempt agricultural feed, seed, chemicals, and fertilizer	9		
10	Sales of motor vehicles, motorboats, and trailers	10		
11	Sales of exempt food or food ingredients	11		
12	Sales of exempt agricultural machinery & equipment	12		
13	Other allowable deductions (explain)	13		
14	Total allowable deductions (total of lines 2 through 13)	14		
15	Net taxable sales (line 1 minus line 14). Round to nearest dollar and enter on line 2 of Form 10	15		

COMPUTATION OF NEBRASKA CONSUMER'S USE TAX

16	Cost of items and applicable services purchased for use on which Nebraska sales and use tax has not been paid	16		
17	Cost of items withdrawn from inventory for personal or business use	17		
18	Total amount subject to Nebraska consumer's use tax (line 16 plus line 17)	18		
19	Nebraska consumer's use tax (line 18 multiplied by the rate identified on line 3 of Form 10)	19		
20	Credit for tax paid to other states on items in line 18 (see instructions)	20		
21	Nebraska consumer's use tax due (line 19 minus line 20). Enter on line 4 of Form 10	21		

[illegible]



Nebraska and Local Sales and Use Tax Return

- If applicable, complete Schedule I on reverse side
- Complete and return Schedule III

FORM
10

PLEASE DO NOT WRITE IN THIS SPACE

Tax Cat.

Nebr. I.D. Number

Rpt. Code

Tax Period

NAME AND LOCATION ADDRESS

Due Date:

NAME AND MAILING ADDRESS

• Name, address, or ownership changes? See instructions.

- ☐ Check the box if your business has permanently closed, has been sold to someone else, or your permit is no longer needed. New owners must apply for their own sales tax permit.

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Complete Nebraska Schedule I (on back) prior to completing lines 5 & 6			
5 Local consumer's use tax from line 1, Nebraska Schedule I (on back)	5		
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7 Total Nebraska and local sales tax (line 3 plus line 6)	7		
8 Sales tax collection fee (line 7 multiplied by .025; if the result is \$75.00 or more, enter \$75.00)	8		
9 Sales tax due (line 7 minus line 8)	9		
10 Total Nebraska and local consumer's use tax (line 4 plus line 5)	10		
11 Total Nebraska and local sales and use tax due (line 9 plus line 10)	11		
12 Previous balance with applicable interest at 5% per year and payments received through	12		

- ☐ Check this box if your payment is being made by Electronic Funds Transfer (EFT).

13 BALANCE DUE (line 11 plus or minus line 12). Pay in full with return

Under penalties of law, I declare that as taxpayer or preparer I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is correct and complete.

sign
here

Authorized Signature

()

Daytime Phone

Signature of Preparer Other Than Taxpayer

()

Daytime Phone

Title

Date

Address

Date

E-Mail Address

DELIVERY CHARGES

Taxable when:

1.The buyer pays the seller for the delivery charge

AND

2.The buyer's transaction is taxable

*The taxability of delivery charges is **NOT** determined by the method of delivery*

Delivery Charges (continued)

- If you owe use tax on a purchase, you also owe use tax on the delivery charge paid to the seller

LABOR CHARGES ASSOCIATED WITH PERSONAL PROPERTY

- **TAXABLE**

- Production and assembly labor
- Installation and repair labor WHEN the item is taxable

- **EXEMPT**

- Installation labor WHEN the item is exempt
- Repair labor (see next slide)

EXEMPT REPAIR LABOR CHARGES

(Refer to [Regulation 1-082 – Labor Charges](#) for more information)

- Licensable motor vehicle
- Agricultural machinery and equipment used in commercial agriculture
- Qualifying prosthetic devices, durable medical equipment, mobility enhancing equipment
- Qualified MME ([Form 13](#) required)

COMPUTERS- HARDWARE, SOFTWARE, & RELATED SERVICES

(Refer to [Regulation 1-088 – Software](#) for more information)

TAXABLE

- Computer installation & set up
- Software – including upgrades, modifications & enhancements
- Repair

EXEMPT

- Web design – **NO** transfer of software
- Help desk support - **NO** alteration of software

WARRANTIES & GUARANTEES

(Refer to [Regulation 1-074 – Warranties & Guarantees](#) for more information)

- Taxable when the item or service covered is taxable
- Tax exempt when covering items annexed to real estate

Warranties and Guarantees (continued)

- **TAXABLE**
 - Charges invoiced for more than what the warranty covers
 - Deductibles
- **TAX-EXEMPT**
 - Parts used and labor performed under warranty covering tangible personal property

4 EXCEPTIONS TO SEPARATELY STATING SALES TAX

- Admissions
- Concessions
- Vending machines
- Alcohol by-the-drink

MANUFACTURING

- Manufacturing Machinery & Equipment (MME)
- Energy Source Exemption
- Water Exemption

MME is EXEMPT:



1. When more than 50% of the manufacturer's total annual revenue is from sales of tangible personal property it manufactures

AND

2. When MME is used more than 50% of the time in manufacturing

“Manufacturing” includes:

1. Producing, fabricating, assembling, processing, molding, shaping, finishing, refining, or packaging tangible personal property
2. Transporting, conveying, handling, or storing the manufactured goods or raw materials

more...

Manufacturing (continued)



3. Maintaining the integrity of the products or unique environmental conditions for the products or MME itself
 4. Testing or measuring the product, the manufacturing process, or the quality of the finished products
- more...

Manufacturing (continued)



5. Computers, software, and peripheral equipment used to guide, control, operate, or measure the manufacturing process

Example: Software used to direct robotic assembly line equipment to move the product down the line.

MME EXEMPTIONS ALSO INCLUDE:

- Self-constructed equipment
- Replacement parts
- Repair labor charges



Nebraska Resale or Exempt Sale Certificate

for Sales Tax Exemption

FORM
13

• Read instructions on reverse side/see note below

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

Check Type of Certificate

☐ Single Purchase ☐ Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:

Check One ☐ Purchase for Resale (Complete Section A) ☐ Exempt Purchase (Complete Section B) ☐ Contractor (Complete Section C)

SECTION B — Nebraska Exempt Sale Certificate

The basis for this exemption is exemption category (Insert appropriate category as described on reverse of this form.)

If exemption category 2 or 5 is claimed, enter the following information:

Description of Item(s) Purchased	Intended Use of Item(s) Purchased
----------------------------------	-----------------------------------

If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05 -

If exemption category 6 is claimed, seller must enter the following information and sign this form below:

Description of Item(s) Sold	Date of Seller's Original Purchase	Was Tax Paid when Purchased by Seller? <input type="checkbox"/> YES <input type="checkbox"/> NO	Was Item Depreciable? <input type="checkbox"/> YES <input type="checkbox"/> NO
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MME EXEMPTION DOES NOT INCLUDE:

- Licensable motor vehicles
- Tools powered by hand
- Security equipment
- Safety apparel
- Office equipment
- Repair shop equipment
- Most cleaning equipment
- Equipment used for research & development

ENERGY SOURCE UTILITY EXEMPTION

- When more than 50% of a qualified energy source is used for an exempt purpose:
 - Processing or manufacturing
 - Irrigation or farming
 - Refining
 - Generation of electricity
 - Use by any hospital
- Use [Form 13E](#), Nebraska Energy Source Exempt Sale Certificate



Nebraska Energy Source Exempt Sale Certificate

FORM
13E

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Check Type of Certificate					
<input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket If Blanket is checked, this certificate is valid until revoked in writing by the purchaser.					
Purchaser's Account Number			Was an energy audit (analysis) completed prior to issuing this certificate to the seller?		
			<input type="checkbox"/> YES <input type="checkbox"/> NO		
Describe your business operations:					

- ☐ A. Our purchase of electricity or compressed natural gas is exempt from Nebraska sales and use tax because more than 50 percent of the energy charge through meter number(s) _____ has been properly determined to be used or directly consumed in: (check appropriate box)
- ☐ Manufacturing and Processing ☐ Farming ☐ Generation of Electricity
☐ Irrigation ☐ Refining
- ☐ B. Our purchase of coal, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, or gas is exempt from Nebraska sales and use tax because more than 50 percent of the amount purchased is used or directly consumed in: (check appropriate box)
- ☐ Manufacturing and Processing ☐ Farming ☐ Generation of Electricity
☐ Irrigation ☐ Refining

Any purchaser, or the agent thereof, or other person who completes this certificate for any purchase which is not otherwise exempted from the sales and use tax under the Nebraska Revenue Act, as amended, shall in addition to any tax, interest, or penalty otherwise imposed, be subject to a penalty of \$100.00 or ten times the tax, whichever amount is larger, for each instance of presentation and misuse. With regard to a blanket certificate, said penalty shall apply to each purchase made during the period the blanket certificate is in effect. Under the penalties of law, I declare that I am authorized to sign this certificate, and to the best of my knowledge and belief, it is correct and complete.

sign
here

Authorized Signature of Purchaser

Title

Date Issued

NOTE: Sellers must keep this certificate as part of their records. Do not send it to the Nebraska Department of Revenue.

WATER EXEMPTION



- When more than 90% of the water billed through a single meter is used for one of the following exempt purposes:
 - Irrigation of agricultural lands
 - Manufacturing
 - Care of animals whose products we eat or wear

TATTOOS AND PIERCINGS

- Charges for applying or removing tattoos are sales tax exempt
- Tattoo artists owe sales or use tax on all equipment, ink, supplies, and artwork



**Let us know what you think.
Please turn in your evaluation!**

THANK YOU!